January 2005

E

منظمة الأغذية والزراعة للأمم المتحدة | 联合国粮食及农业组织 | Food and Agriculture Organization of the United Nations | Organisation des Nations Unies pour l'alimentation et l'agriculture | Organización de las Naciones Unidas para la Agricultura y la Alimentación

COMMITTEE ON COMMODITY PROBLEMS

JOINT MEETING OF THE THIRTY-THIRD SESSION OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES AND THE THIRTY-FIFTH SESSION OF THE INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBRES

Rome, Italy, 14-17 December 2004

COMMODITY DEVELOPMENT STRATEGY

I. INTRODUCTION

1. At its Twenty-ninth Session in 1996 the Intergovernmental Group on Hard Fibres adopted a development strategy for hard fibres as contained in document CCP: HF 96/9. The strategy was developed in order to meet the requirement of the Common Fund for Commodities that projects submitted for funding be accompanied by evidence as to how they fit into an overall strategy for the commodity. At the same time, the development of a strategy was expected to serve a broader purpose for the Group, indicating its priorities and guiding the Secretariat in the work it undertakes in support of the Group.

2. The Strategy has now been revised, following discussion at the Joint Meeting of the Thirty-third Session of the Intergovernmental Group on Hard Fibres and the Thirty-fifth Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres in Rome, 17 December 2004.

3. The three major streams contained in the Strategy are to expand markets and improve returns to fibre producers; to improve production and processing technologies and reduce costs; and, while seeking to improve the economic viability of these industries, to ensure that social and environmental standards are at least maintained and are improved where possible.

4. It is expected that the Strategy will remain on the agenda of each successive Joint Meeting of the IGGs on Hard Fibres and Jute, Kenaf and Allied Fibres so that it might be amended in the light of any changed circumstances that arise.

W0000

II. DRAFT COMMODITY DEVELOPMENT STRATEGY FOR THE IGG ON HARD FIBRES

A. BACKGROUND

5. Each of the three major hard fibres (sisal, abaca and coir) is confronted by similar serious problems, the contraction of their markets due largely to the growth of synthetic substitutes, which, coupled with increasing production costs, threatens their viability. However, these fibres are not homogeneous materials going into the same end-products but, rather, they serve widely differing end-use markets. The bulk of sisal goes into harvest twine, although other outlets are absorbing increasing quantities of fibre. Abaca is used primarily in specialty papers, white coir predominantly in floor coverings and brown coir in rubberized pads and mattresses. Applications of these fibres overlap only at the margins with sisal and abaca both being used in paper, sisal and coir in floor coverings and abaca and coir in ropes. In no case does any of the three fibres share a major end-use with another. Nor, for the most part, does any single country produce any significant quantity of more than one fibre, and modes of production differ significantly between fibres. In African countries, which account for a quarter of the world's production, sisal is produced essentially on single crop holdings. Brazil, which has well over 50 percent of the world's production, produces sisal as part of a mixed agricultural system so far as the climate permits. Abaca is grown largely in the Philippines as a secondary crop, while coir is produced by processors as a by-product of coconut oil, desiccated coconut and other coconut products almost entirely in India and Sri Lanka.

6. In cases where synthetics duplicate the technical characteristics of hard fibres and have a utilitarian function, they compete largely on price. Displacement has been fastest, for example, in cordage and twine applications. On the other hand, where hard fibres have properties which cannot be copied easily by synthetics or where they have a special consumer appeal, inroads into their market have been contained, and natural fibre products often enjoy a price premium. Such is the case for papers made from abaca and, in some cases, matting made from coir.

7. The aim of the development strategy for hard fibres is to strengthen the economic viability of the fibres industries in the face of a considerable loss of market in recent years. Measures which would lead to increased total production of fibre would, in the absence of a significant strengthening of demand, not be appropriate. A major part of the strategy is to expand consumption in non-traditional products with market potential and to check erosion of end-product markets. New and improved products should be developed, especially in applications where natural fibres have advantages over synthetics and where they can compete more successfully than those existing products which have been losing market share. Among these products are buffing cloths, geotextiles, carpeting, wall coverings, wire rope cores, non-woven products, handmade papers, building and packaging materials. At the same time, action is needed to promote the use of fibre products currently on the market in competition with synthetics.

8. One element to be featured in the promotion strategies for all natural fibres is their superior environmental friendliness vis-à-vis synthetics. Members of the Intergovernmental Group on Hard Fibres and a growing number of environmentally-conscious consumers have recognized that the damage to the environment and the associated costs to the society, from disposing of synthetic end-products are considerably greater than those accruing from biodegradable products, such as hard fibres. The environmental advantage of hard fibres will not only be highlighted in promotion messages, but will also constitute an integral component of any research undertaken to improve the characteristics of traditional products or of the search for new ones within the overall strategy.

9. The strategy also emphasises the need to improve efficiencies of production and processing so as to reduce costs and improve product quality, thereby enhancing incomes, while it also aims at improving conditions of workers in fibre production, extraction and processing. It is becoming increasingly apparent that incomes in the industry might also be enhanced by finding

ways to exploit these plants for products other than fibre, and by utilizing waste material for purposes such for biogas, stockfeed, etc, with the additional benefit, in many cases, of reducing environmental damage.

III. ELEMENTS OF THE STRATEGY

A. EXPAND MARKETS AND IMPROVE RETURNS

A1) Develop new outlets for fibre, particularly through the development of new products

10. Faced with the contraction in many traditional uses for fibre, one obvious way to recover aggregate sales is to find and develop new applications which can absorb increasing quantities of fibre.

11. Recent Progress: The Group's efforts to expand demand for fibres have concentrated on the development of new uses for fibre, including paper, building boards, geotextiles, etc, as these are seen as potential areas where natural fibres might have an advantage over other materials. The potential use of natural fibres as reinforcement in plastic composites in particular has attracted a lot of attention in recent years. The group's efforts have included a project in East Africa aimed largely at exploring the potential for using sisal for paper pulp; a seminar on Alternative Uses for Sisal and Henequen; a project on the development of building and packaging materials from coir; a fast-track project on the use of coir in composites; a new project on the use of sisal in building materials; and a review of the potential use of natural fibres in geotextiles.

12. These efforts have had a moderate degree of success, but they have not reached beyond the level of the development of technology. Further steps are needed to ensure that fibre actually reaches a market in these newly-developed areas.

13. Action: Identify new alternatives with most potential, particularly in composite materials. Seek and apply funding for further R&D and for market development as needed. Identify and work with partners in industry to promote the use of fibres in new applications.

A2) Check erosion of the market for traditional fibre products

14. Some traditional outlets for fibre have contracted markedly since the introduction of synthetic materials in the 1960s and 1970s. Sisal baler twine and jute sacks are among the most affected. As a result, the total global trade in sisal fibre and products shrank from 450 000 tonnes in 1980 to below 200 000 tonnes in recent years. Trade in jute fibre and products has almost halved during the same period. Aggregate levels of coir and of abaca traded have held up rather better during this period, although these markets have often provided limited remuneration to producers and exporters. The diverse range of coir products, including mats and mattings, continues to find a market, and abaca lost most of its traditional market for cordage long ago and now finds a steady outlet mainly in a range of applications for pulp.

15. Recent Progress: The promotion of traditional products has not, in practice, been given a high priority by the Group, which has felt that focussing on non-traditional applications was likely to be a more effective way to increase sales of fibre. There might, however, be ways to modify the rate of contraction in demand for sisal baler twine, and to strengthen demand for some traditional coir products. An approach to the manufacturers of hay baling equipment has been suggested, as the design of this equipment determines its suitability for sisal twine or substitutes. If they could be persuaded to market machinery which used sisal twine then some of the lost market might be recovered. Alternatively, promotion based on the environmental friendliness of natural fibre might increase sales.

16. Action: While the promotion of traditional applications will have a lower priority than development of new applications, the Group will take any opportunity available to reduce or halt the decline in these markets.

17. Note A1 and A2: In seeking to develop new markets and to strengthen old ones under strategies A1 and A2 above, the Group will seek to maximise the advantages provided by the environmental friendliness of these fibres. In order to capitalise on any advantage that exists, it may be necessary to ensure that this environmental friendliness is not compromised, and to ensure that it is adequately demonstrated to the consumer. Action may be taken where necessary to improve the environmental attributes of hard fibres (See Strategy C below)

A3) Increase the flow of market information

18. Information on market conditions for fibres in international markets is important for producers, exporters and policy makers. One of the primary functions of the IGG is to facilitate the sharing of market information among its members. The FAO Secretariat has regularly provided market information and analysis to meetings as well as at various times between meetings in both printed bulletins and on the FAO website.

19 Recent Progress: The Secretariat collects statistical information which it disseminates together with market analyses. In recent years this information has become more readily available through electronic means, thus being more accessible to many members, while printed copies continue to be circulated.

20. Action: The Secretariat will continue to improve its collection and dissemination of market and trade information and analyses. In doing so, it will continue to rely on the support of member countries in providing information.

A4) Trade issues

21. Raw fibre is generally traded free of tariffs or other barriers, but imports of manufactured fibre products into some countries are taxed at high levels. Domestic support to fibre producers in some developed countries distorts the market by expanding supply in those countries. This reduces market prospects and depresses prices facing producers in other countries not only for those fibres but for competing fibres as well. Such measures, together with shipping and other costs associated with exporting fibre and products from one country to another, inhibit trade and significantly reduce the returns to the industry. While recognising that neither the IGG nor FAO have a direct role in the negotiation of trade policies, the Group will nevertheless monitor trade barriers and take what steps it can to encourage their reduction.

22. Action: The Secretariat will continue to undertake analyses and provide information to the Group on the impact of developments in trade policies.

B. IMPROVE PRODUCTION AND PROCESSING EFFICIENCIES, REDUCE COSTS

B1) Improve efficiencies of production and processing, including the development of improved agronomic practices and new or modified plant species, so as to reduce costs and improve product quality

23. While the primary focus of the Group's activities has been to strengthen demand for fibre, improving processing and reducing production costs remain an important part of the Group's efforts to improve the viability of the fibre industries. Improved fibre processing remains a priority especially for the coir industry which, in addition to reducing costs, seeks to improve product quality and thus strengthen demand. Improvement of agricultural production, particularly for sisal and abaca, is also a high priority.

24. Recent Progress: Project work, particularly on coir, has addressed processing technologies, and more project work will be undertaken to continue this work. Some progress has been made with agronomic practices in the East African sisal project and with plant species in the Abaca project.

25. Action: Resources will be sought for further efforts to reduce production and processing costs. The Secretariat will support research institutions and other bodies seeking funding to improve the efficiency of production and processing particularly for sisal and abaca.

B2) Investigate ways to exploit these plants for products other than fibre, and utilize material which would otherwise go to waste

26. Recent Progress: The CFC-financed project on sisal in East Africa has included a component to improve the utilisation of waste material as flume tow and as animal feed from sisal, and the potential for using fibre from the whole plant (not just the leaf) for pulp. A project on utilising sisal waste for the production of gas for fuel commenced in Tanzania in 2004. There is also potential to exploit the sisal plant for certain chemicals, but this has not been explored by the Group under this strategy. In the case of coir, the Group's concern does not cover the many products of the coconut, but only of the husk. Here, however, there are also by- products with economic value and an early project promoted the market for coir pith, a material that formerly went to waste.

27. Action: The Secretariat will continue to support the Group in its endeavours to obtain support for activities to increase the saleable material produced from these plants.

B3) Strengthen the institutional capabilities of the developing countries so as to be able to undertake their own research and development

28. Recent Progress: While no project has been proposed specifically to strengthen institutional capabilities, facilities have been established and upgraded and training undertaken in various projects – including those on sisal, abaca, coir building boards.

29. Action: Continue to seek to include capacity-building elements within commodity development projects.

C. SOCIAL AND ENVIRONMENTAL ISSUES

30. The strategy now calls for additional efforts to improve the conditions of workers in the fibre industries, particularly towards ensuring that children are not exploited; and for strengthening efforts to minimise any environmental degradation which results from the production and processing of these fibres. Such efforts would be made in accordance with national legislation and available resources, reflecting the reality of normal practices within each country.

31. Recent Progress: Some research has been undertaken to reduce the disposal of waste from sisal and to make economic use of coir pith, which have the double impact of reducing environmental damage while at the same time improving returns to producers.

32. Action: Concern for these issues will be shown primarily through the manner in which other strategic priorities are promoted, rather than as high-priority areas for action in their own right. The Group will ensure that all its efforts to promote the viability of hard fibre production are consistent with the maintenance of high environmental and social standards. Efforts will continue to establish the environmental credentials of natural fibres, and to identify areas where any action is needed to "clean up" production and processing. The Group will seek to promote natural fibre products on the basis of their environmental friendliness and, where appropriate, to encourage the use and assist in the development of pro-environment legislation which would favour the use of natural fibres.